

Rural Poverty Rate Unchanged

The rural poverty rate was unchanged from 1995 to 1996. Rural minorities, women, and children were especially disadvantaged economically. Poverty rates were highest in the rural South and West.

The poverty rate in rural America stood at 15.9 percent in 1996, essentially unchanged from the previous year, and higher than the urban poverty rate of 13.2 percent. The rural poverty rate has been quite stable over the last 8 years, remaining within a range of 1.6 percentage points (fig. 1).

Rural Minorities Are Especially Disadvantaged Economically

Poverty rates among rural minorities were nearly three times as high as that of rural Whites and substantially higher than those of urban minorities (fig. 2). The poverty rate was highest for rural Blacks, followed by rural Native Americans and rural Hispanics. Despite the higher incidence of poverty among minorities, almost two-thirds of the rural poor were non-Hispanic Whites because of the large White majority in the rural population (fig. 3). Over the past 10 years, as the rural Hispanic population has grown, the Hispanic share of the rural poor has nearly doubled, growing from 5.8 percent in 1986 to 11.1 percent in 1996. The Black share of the rural poor declined from 23.5 percent to 20.7 percent during the same period.

Why are poverty rates higher among rural minorities? Differences in education and household structure provide a partial, but by no means complete, explanation. Rural minorities have, on average, less education than rural Whites, and education is a strong predictor of income. In rural America, education differences account for 24 percent of the difference in poverty rates between Blacks and Whites, 45 percent of the difference between poverty rates of Hispanics and Whites, and 16 percent of the difference between poverty rates of Native Americans and Whites. Differences in household structure also result in higher poverty rates for rural Blacks and Native Americans (but not for Hispanics) than for rural Whites. Rural Blacks and Native Americans have higher proportions of female-headed families than do rural Whites, and poverty rates are higher for female-headed families than for other household types. Rural Hispanics, on the other hand, have a larger share of two-parent families than do non-Hispanic Whites. Household structure accounts for 30 percent of the Black-White poverty difference and 17 percent of the Native American-White poverty difference. Adjusting for household structure would increase the poverty gap between Hispanics and Whites somewhat.

Education and household structure only partially explain the higher poverty rates of rural minorities, however. Even for persons with similar education in households of the same type, poverty rates for rural minorities are about twice those of non-Hispanic Whites. Likely explanations of these differences include discrimination in employment and wages and concentrations of minorities in areas that are unable to attract high-wage employers.

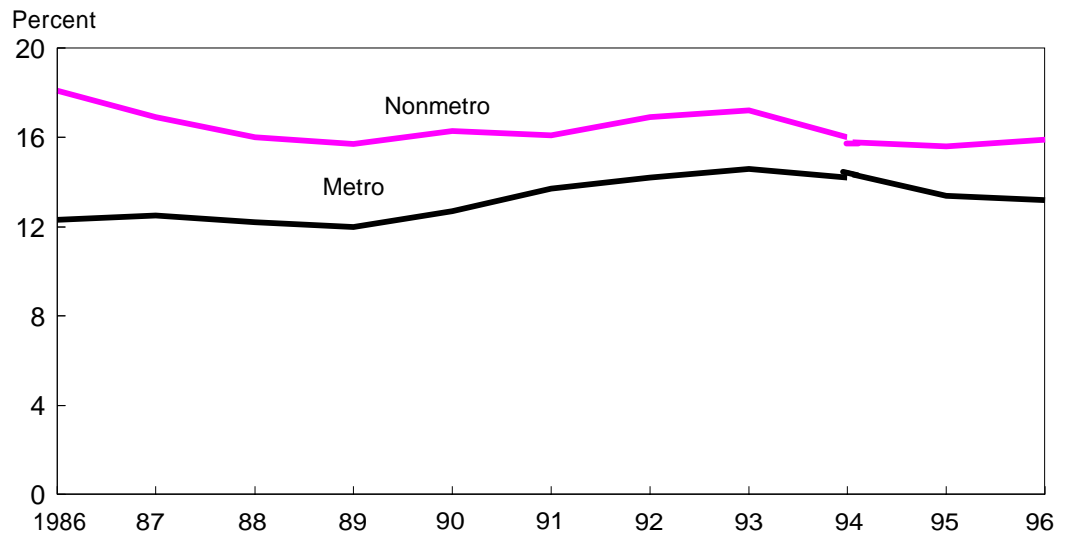
What Does the Poverty Rate Mean?

In concept, the poverty line is the minimum income level needed by a family or individual to just meet basic needs of food, shelter, clothing, and other essential goods and services. Official poverty lines adjusted for family size and composition are set by the Office of Management and Budget (OMB) for use by all Federal agencies. They are adjusted each year for inflation. In 1996, the poverty line was \$15,911 for a family of two adults and two children, \$10,815 for a family of one adult and one child, and \$8,163 for a single individual. Each household's cash income (including pretax income and cash welfare assistance, but excluding in-kind welfare assistance, such as food stamps and Medicare) is compared with the poverty line for the household. The poverty rate for an area or for a category of people is the percentage of persons in households with income less than the poverty line for their household.

Figure 1

Poverty rate, by residence, 1986-96

The poverty rate in rural America remained unchanged from 1994 to 1996, while the poverty rate in metro areas declined 1 percentage point



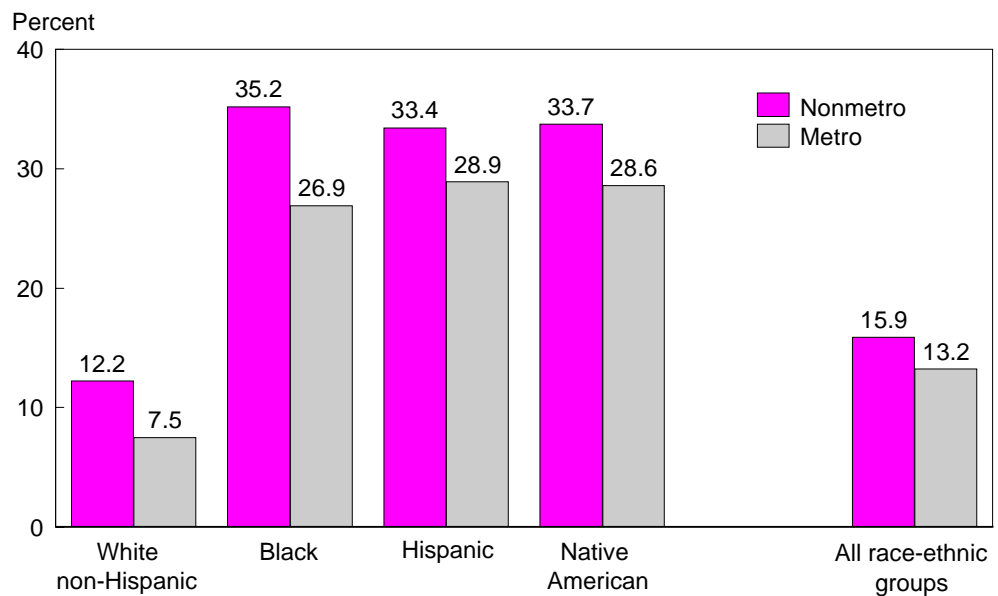
Note: Change of metro status of some counties caused a discontinuity in the data in 1994.

Source: Prepared by ERS using data from the Bureau of the Census' Consumer Income P-60 series (1986-96).

Figure 2

Poverty rates, by race/ethnicity and residence, 1996

Poverty rates are highest for rural minorities, nearly three times those of Whites and substantially higher than those of urban minorities



Source: Calculated by ERS using data from the March 1997 Current Population Survey.

More than Three Million Rural Children Live in Poverty

In 1996, 3.2 million rural children under the age of 18 lived in families with income below the poverty level. The poverty rate for all rural children was 22.4 percent; for rural Black children, 46.2 percent; and for rural Hispanic children, 41.2 percent. Most rural poor children (61.9 percent) lived in families headed by a single parent, and the poverty rate for rural single-parent families was 47.3 percent.

The poverty rate among the rural elderly (age 65 and above) was 13.5 percent, the same as that of rural working-age persons (app. table 14). This was substantially higher than the poverty rate of the urban elderly (9.9 percent), reflecting primarily the lower income of rural residents during their working years.

Poverty Higher in Rural Female-Headed Families

Rural women heading families or living alone are particularly disadvantaged economically. More than half of the rural poor lived in families headed by single women or were women living alone, although such households accounted for only 22 percent of the total rural population. In 1995, the poverty rate in rural female-headed families was 41.1 percent, and that for rural women living alone was 30.4 percent. By comparison, the poverty rate in rural two-parent families was 8.2 percent, while that for rural men living alone was 22.7 percent. Urban women also face economic disadvantages, but less serious than those of rural women (app. table 14).

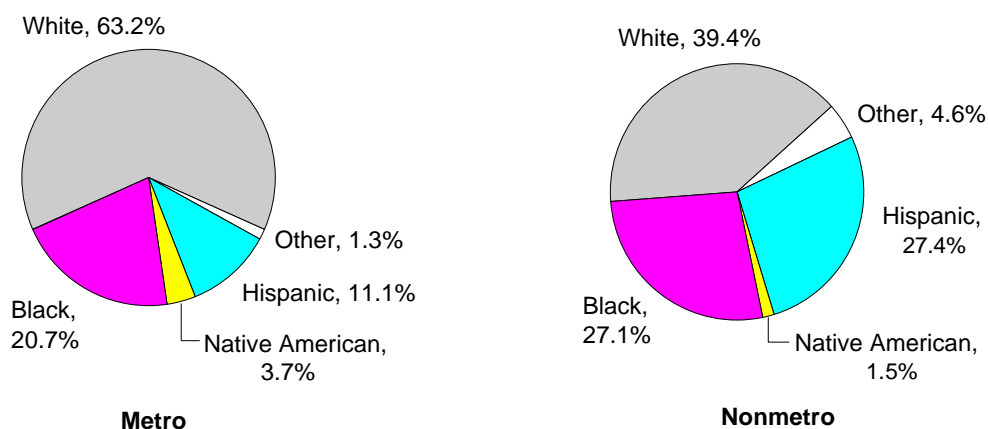
Most of the Rural Poor Live in Households with One or More Workers

Almost two-thirds of rural poor persons lived in families with at least one working member or, if they lived alone, were themselves employed at least part of the year. That proportion increased to 70 percent when households with no working-age adults were excluded. Even full-time work does not always provide sufficient income for basic needs. Among rural households with full-time workers, the poverty rate was 5.0 percent, and one-fifth of the rural poor lived in these households (app. table 14).

Figure 3

Racial/ethnic shares of nonmetro and metro poor, 1996

Racial and ethnic minorities are a much smaller share of the nonmetro poor than of the metro poor



Source: Prepared by ERS using data from the March 1997 Current Population Survey.

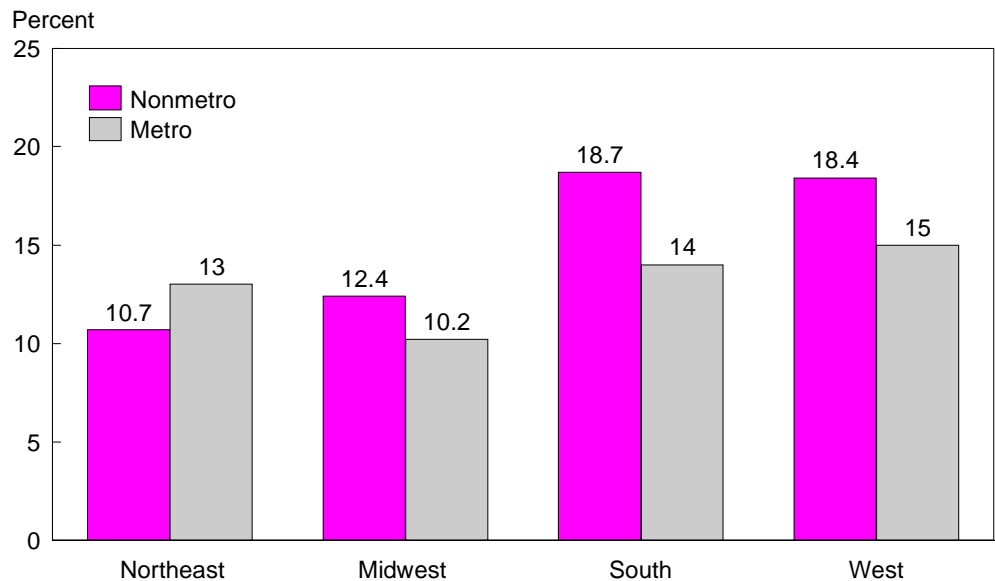
Rural Poverty Rates Highest in the South and West

Rural poverty rates were highest in the South and West (fig. 4; see appendix, pp. 118-119, for definition of regions). In the Northeast and Midwest, rural poverty rates were lower than the national average and differed less from the regions' urban poverty rates. Just over half of the rural poor (51.6 percent) lived in the South. [Mark Nord, 202-694-5433, marknord@econ.ag.gov]

Figure 4

Poverty rates, by region and residence, 1996

Rural poverty rates are highest in the South and West



Source: Calculated by ERS using data from the March 1997 Current Population Survey.